



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

Department of the National Chamber, has been selected as its secretary. The American section will have an advisory committee of business men representing the different interests and geographic divisions of the United States.

This International Chamber affords a medium through which the business men of the United States may be kept constantly in touch with international affairs. Such an organization probably means more to the United States because of its vast area and the great diversity of its interests than to any other country.

The International Chamber has already taken steps to correct the evils of trade-mark piracy, to standardize documents and laws affecting commercial intercourse, to unify customs regulations and standardize the nomenclature in customs tariffs of the world. An *International Directory of Shipping and Quotation Terms* is to be compiled with a view to effecting a common interpretation throughout the world.

A research department is being organized to collect, analyze and inter-

pret statistical information for the business interests of the world. All nations at present gather statistics of their own commerce, but none regularly summarize this information in its relation to commerce of the world as a whole in such a manner as to meet the needs of business men.

The International Headquarters will digest and disseminate promptly, through the medium of regularly issued bulletins, information regarding the legislative activities of the governments of the world that may affect commerce or international business relations. Special bulletins will be issued from time to time relative to subjects of importance to the membership of the International Chamber. The annual reports of the International Chamber, the reports of special committees, the debates and deliberations of business men of the world assembled in general meeting, and interpretations of proceedings of other economic gatherings will all contribute to the centralization of valuable information which is not elsewhere assembled.

Organization Under the Webb-Pomerene Law

By ALLEN WALKER

Manager, International Trade Department, Guaranty Trust Company of New York

EUROPEAN public sentiment has apparently been little apprehensive of harmful results from combinations of traders and manufacturers, such as are prohibited in our domestic commerce by the Sherman Law, and very liberal government recognition has been given to coöperation in commerce and industry in the principal countries abroad.

Industrial combinations have long been developed in England, Germany, France, Belgium, Scandinavia and, to some extent, in Switzerland. In Eng-

land and Germany they have, perhaps, reached the greatest importance. German associations have long been a powerful influence in foreign markets in connection with the coöperative distribution of chemicals, dyes, metal goods, electrical products and other commodities. In Great Britain, groups of manufacturers in the engineering and similar industries have long been combined in an effective way for handling foreign trade by associations, in order to avoid harmful competition with each other in overseas markets.

These combinations have been extremely effective in promoting the foreign trade of the countries we have mentioned; and it was the recognition by Congress of the fact that they gave a definite competitive advantage in foreign markets over our individual American exporters which led to the legislation known as the Webb-Pomerene Law, which was passed early in 1918. By the terms of this Act, the restrictions of the Sherman Law are modified as to export trade, and competing American manufacturers and exporters may form such coöperative organizations as they may choose to establish, and may unite in agreements as to prices, the allocation of territory and other similar matters in connection with their trade operations in foreign countries.

Such organizations are under the supervision of the Federal Trade Commission. Since the passage of the law many so-called Webb Act corporations have been established in order to enjoy the advantages which are believed to be found in the plan. During the past year (1920) 43 associations, comprising approximately 732 concerns distributed over 43 states, reported to the Federal Trade Commission as acting under the Webb Act. These cover a wide variety of interests and include exporters of lumber, cement, machinery, chemicals, steel products, elastic webbing, textiles, tools and many other classes of commodities.

Aside from the fact that it is expected that organization under the Webb Law will serve to place American exporters on a better competitive footing in foreign markets, it is clear that many firms have been induced to join such combinations in the hope that a very considerable economy could be effected in the overhead charges required by export business. The necessary expenses of handling direct exporting are

heavy and may often be in excess of the amount that an individual firm could command. Through combination this expense may be shared amongst the member firms of the organization, and a well-equipped export staff may easily render efficient service to every member of the group at a fraction of the cost of an independent branch in the individual house. Even greater economy of cost and effort is found by combination for the employment of traveling agents, who may be sent to investigate conditions in foreign markets or to establish actual trade connections abroad. Certain associations have, in fact, been initiated at first merely in order to share in the charges necessary to send a competent trade scout abroad to spy out potentialities of world markets, with the idea that further coöperation would depend upon the reports of this investigator.

Sufficient time has not yet been afforded to give evidence of the full degree of the practical success attained by the Webb Law corporations which have been established since the passage of the Act. It is known that some of them are active and are carrying on a considerable volume of business.

The situation in the export trade has been a rather difficult one during the year 1920, and it is reported that certain combinations of manufacturers, who united after the armistice for the sale and distribution of their products abroad, are showing signs of discouragement. They have suffered so many disabilities in their attempts to sell overseas, particularly in European markets, that their members have become impatient and have urged the disbanding of the central organization. Waiting for orders under recent exchange conditions and diminished demand abroad have overcome their patience. In one or two instances, they have already begun to disintegrate and

have dismissed the executive staff of the export company which was formed expressly to develop foreign markets for the group.

No policy on the part of American manufacturers could better serve the interests of foreign competitors, who, with longer experience, realize the need for persistent application in the export field even during difficult periods.

A representative of the Guaranty Trust Company, who has recently returned from London, made it his business there to inquire into the exact extent of British activity to expand their foreign trade. In an official bulletin recently published by the company in question, this information has been given. There is little evidence of any relaxing of effort over there. There is, indeed, every indication of increasing vigor and determination to take advantage of existing circumstances to spread the British-controlled enterprise and British-manufactured product over the world more widely than before. No combinations are disbanding. They are not giving up, although they have labored under the same disabilities, relatively, as the American exporter. They find it just as hard to get cash from European buyers; they encounter just as much restricted buying all over the world and, in their own country, have had more burdensome labor difficulties and more production handicaps than American manufacturers have had during the past five years. The Britisher is more experienced, however, and he knows how to wait. He knows that periods of depression in sales are excellent times in which to lay plans for the future.

More important than all, he realizes that it is not wise to neglect foreign markets and then attempt to recapture them when they are urgently needed. He sets aside, during periods of abnormal domestic demand and exchange handicaps, enough of his product for overseas supply to keep his goods in the market and to assure his foreign customer that he is not being completely forgotten. The result of this wise policy is plainly written in the late figures showing the steady growth in volume and value of British exports and the record of freight earnings of British cargo-carrying ships, which it is expected will soon give Great Britain a favorable balance with other countries.

It is obvious that the mere act of combining for export trade does not in itself assure profits to American combinations in a trading field that is very difficult and where pitfalls are many. Training in foreign trade practice and knowledge of its many factors are essential qualifications for the successful development of Webb Law combinations. Where there has been such skill and training, it is known that these combinations have been weathering the present difficulties and continuing actively their efforts for the exploitation of foreign markets.

The recent legislation reviving the War Finance Corporation and the far-seeing plans for the development of Edge Law corporations should stimulate the activities of these companies and encourage them to carry on until the exchange situation is improved and European markets are more definitely restored to normal.